

FIRST REGULAR SESSION

SENATE BILL NO. 247

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN (16).

0966S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 143.114, RSMo, and to enact in lieu thereof one new section relating to an income tax deduction for the sale of certain employer securities.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 143.114, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 143.114,
3 to read as follows:

143.114. 1. As used in this section, the following
2 terms mean:

3 (1) "Commercial domicile", the principal place from
4 which the trade or business of the taxpayer is directed or
5 managed;

6 (2) "Deduction", an amount subtracted from the
7 taxpayer's Missouri adjusted gross income to determine
8 Missouri taxable income for the tax year in which such
9 deduction is claimed;

10 (3) "Employer securities", the same meaning as defined
11 under Section 409(1) of the Internal Revenue Code;

12 (4) "Missouri corporation", a corporation whose
13 commercial domicile is in this state;

14 (5) "Qualified Missouri employee stock ownership
15 plan", an employee stock ownership plan, as defined under
16 Section 4975(e)(7) of the Internal Revenue Code, and trust
17 that is established by a Missouri corporation for the
18 benefit of the employees of the corporation;

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

(6) "Taxpayer", an individual, firm, partner in a firm, corporation, partnership, shareholder in an S corporation, or member of a limited liability company subject to the income tax imposed under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265.

2. For all tax years beginning on or after January 1, **[2017] 2023**, in addition to all other modifications allowed by law, a taxpayer shall be allowed a deduction from the taxpayer's federal adjusted gross income when determining Missouri adjusted gross income in an amount equal to fifty percent of the net capital gain from the sale or exchange of employer securities of a Missouri corporation to a qualified Missouri employee stock ownership plan if, upon completion of the transaction, the qualified Missouri employee stock ownership plan owns at least thirty percent of all outstanding employer securities issued by the Missouri corporation.

3. Whenever an employee leaves a Missouri corporation with a qualified Missouri employee stock ownership plan, the Missouri corporation shall inform the former employee of the deadline for when the former employee shall decide whether they will receive their shares of employer securities or compensation for their shares of employer securities.

4. The department of revenue may promulgate rules and regulations for the administration of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the

51 powers vested with the general assembly pursuant to chapter
52 536 to review, to delay the effective date, or to disapprove
53 and annul a rule are subsequently held unconstitutional,
54 then the grant of rulemaking authority and any rule proposed
55 or adopted after August 28, 2016, shall be invalid and void.

56 [5. Under section 23.253 of the Missouri sunset act:

57 (1) The provisions of the new program authorized under
58 this section shall automatically sunset on December thirty-
59 first, six years after October 14, 2016, unless reauthorized
60 by an act of the general assembly;

61 (2) If such program is reauthorized, the program
62 authorized under this section shall automatically sunset on
63 December thirty-first, twelve years after the effective date
64 of the reauthorization of this section; and

65 (3) This section shall terminate on September first of
66 the calendar year immediately following the calendar year in
67 which the program authorized under this section is sunset.]

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